

**STATE OF ALABAMA  
REQUEST FOR PROPOSALS  
FOR  
COST ALLOCATION AND ANALYSIS SERVICES**

**1. Purpose.** The Alabama Department of Finance, Information Services Division, solicits proposals from firms interested in providing cost allocation and analyses services (see ‘**Scope of Services**’) to the Alabama Department of Finance. The procurement of the services that are the subject of this Request for Proposals (RFP) is not subject to the competitive bidding requirements of Section 41-16-20, Code of Alabama (1975). This RFP is issued in accordance with the requirements of Section 41-16-72, Ala. Code. This RFP is not an offer to contract but seeks the submission of proposals from interested professional service providers that may form the basis for negotiation of a professional service contract or contracts. *The Department of Finance reserves the right to reject any or all proposals and to solicit additional proposals if that is determined to be in the best interests of the State of Alabama.*

**2. Scope of Services.** The Information Services Division (ISD), Department of Finance has the need to prepare the annual cost allocation plans and analyses of service costs for its various internal service operations. The Information Services Division (ISD) has the immediate need to establish charge-back rates for services provided to its many customers. These costs and service structures must be in conformance with federal requirements, and they must respond to the findings of prior year federal reviews of ISD’s charges to federal programs.

The following three tasks must be accomplished:

- Resolution of federal reviews for fiscal years 2000 and 2001.
- Documentation of actual service costs and over/under-recoveries by service for fiscal year 2002.
  1. Establish the financial controls (regarding revenues and expenses) that will govern the reconciliation process.
  2. Prepare detailed cost-revenue reconciliations.
  3. Identify and document Federal Financial Participation (FFP) rates in ISD’s largest customers.
  4. Determine the net amount of any federal over-charges (actual over-charge multiplied by FFP rates).
- Validating/finalizing the cost allocation plan and charge-back rate schedule for fiscal year 2004.
- Preparing an initial cost allocation and rate plan for 2005.

With regard to the first task (federal reviews for 2000 and 2001), all work has been completed to prepare cost and revenue summaries for submission to the U. S. Department of Health and Human Services, Division of Cost Allocation (DCA). In the context of this contract, the Vendor must be able to respond to questions raised by the DCA once the appropriate information is transmitted to them.

The second task (documentation of costs and recoveries for 2002) must be completed in order to respond to a future review by the DCA for that year. It is expected that federal reviewers will require this data sometime prior to the end of the current fiscal year (September 2003). The last two tasks reflect the effort required to prepare rates for future fiscal years. Rate schedules must be developed for two projected years in advance.

Vendor must verify assumptions used in developing the current version of the FY 2004 cost allocation plan and then validate the rates already communicated to ISD's users. Then, it must prepare the initial 2005 cost allocation plan and rate schedule as a means of providing user agencies with advance budgeting support for that year.

In addition to these tasks, the Vendor must provide an on-going base of supportive services intended to provide ISD with timely advice on issues related to cost allocation, rate setting and general fiscal management.

**3. Qualifications.** Vendor must have extensive experience in the practice of developing cost allocation, cost determination and charge-back systems for State and government information technology operations including voice and data telecommunications. The Vendor must provide a brief, general background description of the organization, including:

- its full company or corporate name, address of the headquarters office and the office to serve the STATE,
- how the business is organized (proprietorship, partnership, corporation, L.L.C.), parent or subsidiary corporations,
- the name, office address, and business telephone numbers of the principal officers of the organization,
- the year in which the Vendor was first organized to do business,
- the percentages and types of other services that Vendor provides; and,
- the organization's experience in providing cost allocation, cost determination and charge-back services as a whole.

**4. Experience.** Vendor must have 10 years of experience in developing cost allocation, cost determination and charge-back systems for State and government information technology operations. This experience must include the negotiation of settlements with Federal cost negotiators in multi-states. The same experience must apply to the individuals assigned to this contract. The Vendor and assigned individuals must have extensive know in the development of cost allocation and charge-back systems for IBM mainframes, IP and SNA data networks, Centrex and PBX voice systems.

**5. Fees.** Proposals must disclose and include any and all fees, costs or expenses to be charged for the services described in the **Scope of Services**, Section 2. Failure to provide a complete listing of all fees, costs and expenses to be charged may result in the disqualification of the professional service provider submitting the proposal.

**6. Submission of Proposals.** Proposals must be received in the Information Services Division, Suite 200, Folsom Administrative Building, 64 North Union Street, Montgomery, Alabama 36130, no later than 5:00 o'clock p. m., Central Standard (or daylight savings) Time, June 6, 2003.

**7. Selection of Professional Service Provider.** Upon review and evaluation of all proposals, the Director of Finance may select the professional service provider determined to best meet the needs of the Department of Finance. Upon selection of the preferred professional service provider, the Director of Finance may initiate negotiations

for contract terms and conditions, including fees. *All proposals received in response to this RFP may be rejected and the Department of Finance may solicit additional proposals.*

**8. Professional Services Contract with the Department of Finance.** The professional service provider selected to provide the services specified in this RFP must enter into a written contractual agreement with the Department of Finance, Information Services Division. The terms and conditions of such an agreement will be subject to review and approval by legal counsel for the department and the Legal Advisor to the Governor. The contract resulting from this solicitation shall be a one year, fixed-fee contract with the option to renew for two additional one year periods.

**9. Standard Form Contracts.** Should a professional service provider desire to utilize a standard form contract in the provision of the services specified herein, it should include the standard form contract with its proposal. If any term or condition of its standard form contract is non-negotiable, such term or condition should be clearly identified. Non-negotiable terms or conditions determined to be unsatisfactory to the Department of Finance may result in the disqualification of the professional service provider submitting the proposal.

**10. Qualification to do Business in Alabama.** Should a foreign corporation be selected to provide professional services in accordance with this RFP, it must be qualified to transact business in the State of Alabama in accordance with Section 10-2B-15.01, et seq., Code of Alabama (1975), and possess a Certificate of Authority issued by the Secretary of State at the time a professional services contract is executed.

**11. Legislative Contract Review.** Any professional services contract resulting from this RFP is subject to review by the Contract Review Permanent Legislative Oversight Committee in accordance with Section 29-2-40, et seq., Code of Alabama (1975). All proposals must include the State of Alabama Disclosure Statement required by Act 2001-955. Disclosure statements may be downloaded from the following location: [http://www.ago.state.al.us/ag\\_items.cfm?Item=70](http://www.ago.state.al.us/ag_items.cfm?Item=70).

**12. Contact Information.** The Vendor must specify the name, title, office address, brief resume and business telephone number of those individuals responsible for the performance under the anticipated contract resulting from the RFP, including those individuals with primary day-to-day responsibility for the services contemplated herein, and specifying their relevant industry experience and location.

Alabama Department of Finance  
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